

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF WESTERN)	CASE NO. 95-010-B
KENTUCKY GAS COMPANY)	

O R D E R

On September 29, 1995, in Case No. 95-010, the Commission approved adjusted rates for Western Kentucky Gas Company ("Western"), with their further adjustment to be made in accordance with the experimental monthly gas cost adjustment ("GCA") clause set forth in the Order in Case No. 92-558.

On August 30, 1995, Western filed its monthly GCA to be effective from October 1, 1995 to November 1, 1995. On September 29, 1995, Western's proposed rates were suspended until February 29, 1996 and Western was ordered to provide alternate GCA calculations based on rates and methodologies in effect on October 1, 1995. Western filed its revised calculations on October 19, 1995.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Western's rates for October should be based on rates and methodologies in effect in October.
2. Western's alternate notice provided in its data response proposed revised rates designed to pass on to its firm sales customers an expected wholesale increase in gas costs. Western's

expected gas cost ("EGC") for firm sales customers is \$3.1291 per Mcf.

Western also proposed to pass on to its interruptible customers a wholesale decrease in gas costs. Western's proposed EGC for interruptible sales customers is \$2.3954 per Mcf.

3. Western has received no current supplier refunds. Total refund factors of 26.28 cents per Mcf for firm sales customers and 12.62 cents per Mcf for interruptible customers reflect adjustments from previous months.

Western's notice likewise set out no current refund adjustment for transportation customers. Total refund adjustments of 19.10 cents for firm and 5.44 cents per Mcf for interruptible transportation customers reflect previous month adjustments.

4. Western's notice set out a 6-month correction factor ("CF") of (16.75) cents per Mcf which will remain in effect until April 1, 1996. The CF is designed to recoup net over-collections of gas cost from the 6-month period ending June 30, 1995.

5. These adjustments, as revised in its October 19, 1995 response, produce gas cost adjustments of (\$.7356) per Mcf for firm sales customers and (\$1.0754) per Mcf for interruptible sales customers.

6. The rate adjustments in the Appendix to this Order are fair, just, and reasonable, in the public interest, and should be effective for final meter readings on and after the date of this Order.

7. Western should calculate the amount of excess or deficit gas cost revenues collected since September 1, 1995 as a result of applying settlement GCA methodology, and reconcile those collections by customer class with the filing of its next CF.

8. Western's filing of August 30, 1995 included supplementary information concerning its CF for which it requested confidentiality. This information discloses the actual price being paid by Western to individual marketing companies and other suppliers of gas. Publication of this information is likely to cause competitive injury to Western and should be protected.

IT IS THEREFORE ORDERED that:

1. The rates in the Appendix to this Order are fair, just, and reasonable and are approved effective for final meter readings on and after the date of this Order.

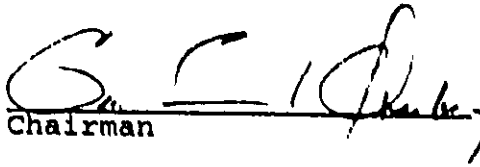
2. Within 30 days of the date of this Order, Western shall file with the Commission its revised tariffs setting out the rates authorized in this Order.

3. With the filing of its next CF, Western shall reconcile collections of gas cost occurring as a result of applying settlement GCA methodology.

4. Pages 4 and 5 of Exhibit D, which Western has petitioned to be withheld from public disclosure, shall be held and retained by this Commission as confidential and shall not be open for public inspection.

Done at Frankfort, Kentucky, this 27th day of October, 1995.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 95-010-R DATED OCTOBER 27, 1995.

The following rates and charges are prescribed for the customers served by Western Kentucky Gas Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the date of this Order.

RATES

Applicable to: General Sales Service Rate G-1

Gas Cost Adjustment

To each bill rendered under the above-named rate schedules there shall be added an amount equal to: (\$.7710) per Mcf of gas used during the billing period.

Applicable to: General Sales Service Rate HLF G-1

Gas Cost Adjustment

To each bill rendered under the above-named rate schedules there shall be added an amount equal to: (\$.7229) per Mcf of gas used during the billing period.

Applicable to: Interruptible Sales Service Rate G-2

Gas Cost Adjustment

To each bill rendered under the above-named rate schedules there shall be added an amount equal to: (\$.5863) per Mcf of gas used during the billing period.